

MEETING #8 February 22

At a Budget Workshop Session of the Madison Board of Supervisors on February 22, 2010 at 8:00 a.m. in the Thrift Road Complex Conference Room:

PRESENT: Eddie Dean, Chairman
James L. Arrington, Vice-Chairman
J. Dave Allen, Member
Jerry J. Butler, Member
Pete J. Elliott, Member
Lisa R. Kelley, County Administrator
Teresa Miller, Finance Director

ABSENT: V. R. Shackelford, III, County Attorney

Chairman, Eddie Dean called the meeting to order and noted the presence of a quorum.

Teresa Miller, Finance Director, reviewed, with the Madison County Board of Supervisors, the financial impact anticipated to result from Governor McDonnell's budget recommendations released on February 18, 2010.

The following items were also noted:

- i. The Domestic Violence Grant is proposed to be eliminated at the end of December 2010 (-\$18,575);
- ii. Social Services would lose funding for "other services" (-\$20,000);
- iii. The Aid to Localities Reduction would be reinstated for FY2011 (-\$68,675);
- iv. Juvenile Crime Prevention Grant would suffer a 10% reduction;
- v. Comprehensive Services Act Funding would be reduced by 5%;
- vi. Also under consideration by the Commonwealth are furloughs of state employees and state-funded employees with certain exemptions (this could impact our non-public safety Constitutional offices) and a proposal requiring new state employees to pay the 5% employee share of VRS retirement. This would impact funding of our Constitutional offices, because the County would no longer receive full reimbursement for the County's payment of the 5% employee share.

Nan Coppedge, Director of Social Services, addressed the Board and confirmed that the latest information available from the Commonwealth of Virginia indicated that our local department of Social Services could anticipate reduced program revenues of approximately \$20,000. Based on this information, the Madison County Board of Supervisors, by consensus, indicated a need to eliminate local funding included

in the draft budget for a new benefits worker job position, and reallocated the local funding for that position to cover the anticipated state cuts.

Lewis Jenkins, Director of Emergency Medical Services, was present to address the Board with an explanation of his approach to staffing.

Jerry J. Butler and James L. Arrington inquired as to why the County needed to pay a medic (EMT) to drive an ambulance, and whether it might not be more cost effective to establish an employee position that would simply be an ambulance driver.

Lewis Jenkins, Director of Emergency Medical Services, explained that the paid staff operates each ambulance as an ALS unit, and that in order to do this there must be an ALS-certified attendant-in-charge and another attendant who must have either an ALS or at least a BLS (medic) certification. An ambulance operator can serve as the attendant, but only if the operator is certified as an EMT.

James L. Arrington inquired as to whether Lewis Jenkins, Director of Emergency Medical Services, could provide documentation of the state certification that sets this requirement, and Mr. Jenkins indicated that he could do so.

The Madison County Board of Supervisors then asked Lewis Jenkins, Director of Emergency Medical Services, to review the duties currently being performed by the EMS lieutenants.

After conclusion of questions from the Madison County Board of Supervisors, the Board returned to a discussion of Revenue Projections for FY2011.

- vii. The Board discussed at length the impact that the State's actions over the next few weeks might have on our local budget, and agreed that the Board's ability to project what might be needed to establish a balanced budget is significantly hampered by the uncertainty at the state level.

Tina Crop, Finance Officer for the Madison County Public Schools, was present and addressed the Madison County Board of Supervisors' questions as to how cuts in certain areas may have ripple effects

It was disclosed that VACo disseminated an analysis dated 2/19/2010 titled "FY2011 State Funding Cuts to Localities in Introduced Budget". This document identified \$997,482 in cuts to K-12 Education (including federal stimulus) plus an additional \$394,686 impact attributable to implementation of the new LCI percentage in FY2011. (Ms. Cropp had not seen this particular analysis, and could not compare the dollar figures in the VACO analysis with the state funding reductions already projected within the School's proposed budget for FY2011).

The Madison County Board of Supervisors agreed that the only safe course of action is to assume for its own budget projections that the VACO impact statement reflected potential state cuts above and beyond those already incorporated into the School's FY2011 Budget submission. Otherwise, the Board could be hamstrung if it

advertises a balanced budget, and a proposed tax rate, that might not cover the state reductions that the County might be required to absorb.

Chairman, Eddie Dean indicated that, based on updated information from Gale Harris, Commissioner of Revenue, the Board could reasonably project additional revenues from real estate taxes and collections of delinquent real estate taxes.

Teresa Miller, Finance Director, indicated that she believed the projections included in the draft budget were reasonably accurate; however, the accuracy of any projections is dependent on the best information available from Gale Harris, the Commissioner of Revenue, as to valuation and the accuracy of information currently in the accounting system indicating the status of current and prior years' collections of delinquent amounts.

- viii. The Board discussed the possibility of reinstating the Motor Vehicle License Fee as a means of recovering additional revenue. This revenue source was eliminated by the Board in 2009. The Board estimated that by reinstating the license fee at the same rates that were in effect previously would generate \$350,000 to \$400,000 of additional revenue.

Pete J. Elliott noted that, in addition to reducing the health benefits offered to County employees, the Board should consider some additional cuts. He stated that in these difficult times, this would make a statement to the public that the County recognizes the hardship that citizens are experiencing. Mr. Elliott also noted that one possibility would be for the County to consider furloughs for employees, such as the ones being considered at the state level.

Teresa Miller, Finance Director indicated that furloughs make some sense for the State, because the State has a large number of employees outside the realm of public safety and emergency services; however, this is not true for the County. Based on preliminary projections, she noted that if public safety employees were included in a furlough, the savings for one (1) day would be approximately \$15,000. If public safety employees are not included, the savings for one (1) day would be approximately \$5,000.

Teresa Miller, Finance Director, also noted that, in a County furlough, the furlough could not be applied to any employee whose salary would be reduced below the amount that is mandated by the state. So, for instance, the Sheriff, Sheriff's Office Manager, the Treasurer, Commissioner of Revenue, Commonwealth's Attorney and Clerk of Court could not be included, and various employees in their offices would need to be excluded. Additionally, if EMS, Dispatchers, and Deputies are included in a furlough, it would be difficult administratively to implement the furlough. Instead of running the payroll as a single "batch" staff would, essentially, need to make manual adjustments each month to account for the employees who were furloughed in that month.

The Madison County Board of Supervisors noted that the administrative

cost of implementing a furlough could be minimized if the furlough is applied on a “rolling” basis (for example, one day per fiscal quarter for each department) and the County Administrator could decide which payroll period within each quarter that the furlough would take place.

Jerry J. Butler stated that he believed that public safety should be excluded from any furlough.

The remaining Madison County Board of Supervisors’ members agreed that the County would not save any significant amount of tax dollars by implementing one or more furloughs that excluded public safety, because public safety is such a large portion of the County’s payroll expenditures.

After discussion, by consensus, the Madison County Board of Supervisors agreed that it should be announced to County personnel and planned that in FY2011 up to four (4) furlough days may be imposed by the Board of Supervisors, applicable to all County employees. Any furlough(s) implemented would be applied on a rolling basis, as discussed by the Board.

The Madison County Board of Supervisors then agreed to go through anticipated expenditures one additional time:

- ix. The Board discussed contributions to outside agencies providing fire and rescue services. By consensus it was agreed to fund those outside agencies at the same level as in the current [FY2010] budget.
- x. Upon review of projected expenditures for the transportation contract at the Transfer Station, and for the electricity line item within the Department of Facilities’ budget, the Board by consensus agreed that each of these expenditures could safely be adjusted downward by an additional \$10,000 each.
- xi. Mr. Butler asked the Board to consider reinstating the amounts cut from the Sheriff’s budget on the previous day, noting that he had more information about what money in each different line item is utilized for. The other Board members reaffirmed that, just as with other departments’ budgets, the cuts made at the prior workshop meeting were based on a review of actual expenditures from FY2009 and year-to-date expenditures in FY2010, and that even with the proposed reductions some buffer remains within the Sheriff’s budget.
- xii. Mr. Dean noted that he would like to see a New Entity added to be a recipient of County funding, and that the proposed entity would be the Senior Center. All Board members agreed to allocate some funding for the Senior Center.
- xiii. At 4:00 p.m., Mr. Arrington noted that he had to depart due to a personal commitment; however, he indicated that he would be in favor of making a cut to the County’s contribution to the Library.

- xiv. Mr. Elliott inquired as to whether the Board could reduce the dollar amount reserved in the category of “Planning Assistance” in the Zoning budget. The County Administrator indicated that this could be done, because this is an amount of money proposed to be made available for assistance to the Planning Commission in beginning work on a Comprehensive Plan Update, and that the dollar amount was entirely within the Board’s discretion.

Chairman, Eddie Dean noted that it was time for the Board to conclude the Workshop by reaching consensus on final numbers to be included in a FY2011 Budget and 2010 Tax Rate to be advertised for a public hearing.

- xv. The Board noted that uncertainty over what the State’s final budget cuts may be puts them in a difficult position. Once a local real estate tax rate is advertised, the Board cannot increase the rate except after an additional advertisement and public hearing. The Board needs to attempt to project a worst-case scenario, advertise a budget and tax rate on that basis, and then adjust the budget as conditions permit when a final vote is taken on April 13.
- xvi. The Board directed the County Administrator and Finance Director to make all of the revenue and expenditure adjustments discussed at the Board’s three workshops, and incorporate them into a proposed budget. Further, the Board directed staff to project using an additional \$500,000 of the County’s Fund Balance (i.e., in addition to the \$2.9 million specified in the draft budget) and to advertise a \$0.47 real estate tax rate.
- xvii. Additional revenues projected by the Board, including revenues from the advertised \$0.47 tax rate, should initially be allocated in the budgeted contingency on the expenditure side of the budget. Once the Board has a better idea of the impact of state cuts on public education and public safety, money can be moved from the contingency to other budget departments as may be necessary. If the state cuts turn out to be less drastic than projected, then the Board can adopt the lowest possible tax rate and adjust the budgeted contingency accordingly.
- xviii. The Board directed the County Administrator to prepare a press release, emphasizing to citizens that the advertisement of a \$0.47 real estate tax increase does not indicate the Board’s intention to increase real estate taxes by three cents. Mr. Dean asked members of the Board to reiterate this in their discussions with concerned members of the public, and to emphasize to the public that the Board is required by law to advertise a balanced budget and tax rate prior to having full and

complete information from the State about state funding for education and public safety.

With no further action being required, on motion of Jerry J. Butler, seconded by Pete J. Elliott, Chairman, Eddie Dean adjourned the meeting, with the following vote recorded:

Eddie Dean	Aye
James L. Arrington	Aye
J. Dave Allen	Aye
Jerry J. Butler	Aye
Pete J. Elliott	Aye

Date: March 2, 2010